

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BUCHAREST PRIORITY

C O N F I D E N T I A L STATE 064471

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E.O. 11652: GDS

TAGS: EFIN, RO, IMF

SUBJECT: IMF GOLD

REFERENCE: STATE 062880

1. UNFORTUNATELY WE ARE UNABLE TO GET A CLEARED STATEMENT OF THE USG POSITION ON THIS MATTER TO YOU IN TIME FOR MEETING WHICH MAY BE SCHEDULED FOR MARCH 17. TREASURY INSISTS THAT SIMON AND UNDERSECRETARY YEO MUST DISCUSS THE ISSUE BEFORE A POSITION CAN BE APPROVED. THIS MAY TAKE SEVERAL DAYS AND WE DO NOT SUGGEST THAT YOU POSTPONE YOUR MEETING WITH DUMITRESCU UNTIL DECISION IS MADE. THE FOLLOWING MAY BE OF USE FOR YOUR BACKGROUND AND MAY BE DRAWN UPON IF DEEMED DESIRABLE IN DISCUSSION WITH DUMITRESCU.

2. UNDERSECRETARY YEO AND US IMF EXECUTIVE DIRECTOR CROSS HAVE MET TWICE DURING PAST TWO AND ONE HALF WEEKS WITH CHARGE IONITA AT HIS REQUEST TO DISCUSS ROMANIAN PROPOSAL. IN SIMPLEST TERMS ROMANIANS ARE SEEKING RETURN OF ONE-THIRD OF THEIR GOLD SUBSCRIPTION IN SPECIE. (UNDER PRESENT CONFIDENTIAL

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PLANS, ROMANIA WOULD GET GOLD EQUAL TO ITS QUOTA SHARE OF

1/6 OF THE IMF'S GOLD HOLDINGS, PLUS ITS QUOTA SHARE OF PROFITS FROM THE MARKET SALE OF ANOTHER 1/6 OF IMF GOLD.) QUOTA SHARE OF EXISTING IMF GOLD STOCK IS LESS THAN

ROMANIAN GOLD SUBSCRIPTION, BECAUSE SALES OF IMF GOLD HAVE BEEN MADE AND IN ADDITION SOME COUNTRIES HAVE NOT PAID FULL GOLD SUBSCRIPTIONS. ANY ATTEMPT TO MEET ROMANIAN DESIRE ON THIS ISSUE IS COMPLICATED BY FACT THAT MORE THAN THIRTY COUNTRIES HAVE PAID IN GOLD TO IMF SINCE AUGUST 15, 1971. WHILE NOT ALL OF THESE PAYMENTS WERE BY NEW MEMBERS, MANY OF THEM WERE, INCLUDING SEVERAL FROM WEALTHY OIL PRODUCER COUNTRIES. PROBLEM IS FURTHER COMPLICATED BECAUSE GOLD PAID TO IMF AFTER AUGUST 15, 1971 BY SOME MEMBERS (NOT ROMANIA) WAS IN FACT SOLD TO THEM FOR THIS PURPOSE BY OTHERS WHO COULD ARGUE THAT GOLD RETURNED IN SUCH CASES SHOULD BE RETURNED TO THEM. WE DO NOT SEE ANY BASIS FOR ATTEMPTING TO MEET THE ROMANIAN REQUEST WITHOUT INVOLVING OTHER COUNTRIES AND GIVING MORE GOLD TO ARAB OIL PRODUCERS.

3. IN MEETINGS WITH IONITA TREASURY AGREED TO LOOK INTO THE MATTER, BUT NOTED THERE WOULD BE DIFFICULTIES IN FINDING WAY TO HELP ROMANIA WHICH DID NOT RAISE SERIOUS PROBLEMS. TREASURY HAS ALSO NOTED THAT IN ANY CASE ROMANIA WOULD BENEFIT FROM THE GOLD DISTRIBUTION AGREEMENT WHILE CONTINUING TO ENJOY UNIMPAIRED THE OTHER BENEFITS OF IMF MEMBERSHIP. WE BELIEVE THAT ROMANIA HAS ENJOYED BENEFITS FROM IMF/IBRD CONNECTION WHICH FAR OUTWEIGH ANY POSSIBLE LOSS FROM A FORMULA WHICH RESULTS IN ROMANIA RECEIVING SOMEWHAT LESS THAN ONE-THIRD OF ITS GOLD CONTRIBUTION. THUS FAR ROMANIA HAS DRAWN 135 MILLION SDRS FROM THE IMF. SEVEN IBRD LOANS AMOUNTING TO \$350 MILLION HAVE BEEN NEGOTIATED WHILE TWO MORE LOANS TOTALLING \$90 MILLION ARE UP FOR CONSIDERATION IN THE VERY NEAR FUTURE. IN ADDITION THERE ARE FIVE MORE PROJECTS IN THE PIPELINE.

4. BUCHAREST 1354 HAS JUST ARRIVED. ALTHOUGH THERE IS NOW NO NEED FOR FOREGOING IN CONNECTION WITH DUMITRESCU
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MEETING, WE BELIEVE IT MAY BE USEFUL FOR GENERAL BACKGROUND ON THIS ISSUE. KISSINGER

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